



**Notice of Qualification to Renew Medicare Advantage, Medicare Advantage-
Prescription Drug Plan or Cost-Prescription Drug Plan Contract**

April 28, 2006

We are pleased to notify you that CMS has determined that your organization is qualified to renew its contract as a Medicare Advantage (MA), Medicare Advantage-Prescription Drug (MA-PD), or Cost-PD Contractor for contract year 2007. This determination includes any employer/union-only group waiver plans (i.e., "800-series" plan benefit packages) associated with this contract. This notice is provided pursuant to 42 CFR §422.505(c)(1), 422.506(b)(2)(i), 423.506(c)(1), and 423.507(b)(2)(i).

Although your organization is qualified to renew your MA, MA-PD or Cost-PD contract, there are still several major steps required of you before CMS may execute the contract renewal for the 2007 program year. Your organization must submit by June 5, 2006, a bid for each of the plans you intend to offer during 2007. CMS must approve those bids before executing a renewal of your contract. CMS' notice of approval of your bid(s), to be issued in September 2006, will serve as your official notice that your contract renewal is effective for 2007.

Your organization also must be in compliance with program requirements for the remainder of 2006. CMS will continue to monitor each contractor's performance throughout 2006. Where we find contractors significantly out of compliance with program requirements, we may seek to terminate those entities' contracts. In particular, CMS will focus on compliance with program requirements that significantly impact beneficiaries.

Should your organization elect to non-renew your contract, please send a notice by June 5, 2006, addressed to:

David A. Lewis
Acting Director, Medicare Advantage Group
Centers for Medicare & Medicaid Services
Mail Stop C4-23-07
7500 Security Boulevard
Baltimore, Maryland 21244-1850
Email: david.lewis@cms.hhs.gov

An MA, MA-PD or Cost-PD contractor that non-renews its contract must comply with the enrollee and public notice requirements of 42 CFR §422.506(a)(2). Also, your organization will be prohibited from contracting with CMS for two years, pursuant to 42 CFR §506(a)(4).

Failure to submit to CMS by June 5, 2006 either a timely 2007 bid or a notice of non-renewal will be deemed a request to non-renew the related MA, MA-PD or Cost-PD contract or plan, and the requisite notice and prohibition on contracting provisions in 42 CFR §§ 422.506(a)(2) and (4) will apply. If CMS does not approve any of an organization's bids, its contract will be non-renewed and will not be in effect beginning January 1, 2007. Under each of the above scenarios, because the non-renewal was either voluntarily effectuated through the non-submission of a bid or required non-renewal notice or because CMS could not approve the entity's bid, there would be no appeal of the non-renewal.

Finally, we remind you that, under 42 CFR §422.514, 423.512, MA, MA-PD, and Cost-PD organizations will be required to meet minimum enrollment standards during 2007. CMS may terminate the contracts of MA organizations that do not have a minimum enrollment of 5,000 individuals (1,500 individuals for those primarily serving individuals residing outside of urbanized areas). Failure to meet minimum enrollment requirements during 2007 may also result in CMS' determination to non-renew an organization's contract for 2008.

We appreciate your organization's efforts during the current contract year and look forward to continuing to work with you in the coming year in serving Medicare's beneficiaries.

Sincerely,

David A. Lewis
Acting Director
Medicare Advantage Group